



FLORIDA DEPARTMENT OF HEALTH
OFFICE OF INSPECTOR GENERAL

REVIEW OF GENERAL CONTROLS AT CHDs

Report # R-1314DOH-008 • August 25, 2014

Purpose of this project:

To review general controls related to a variety of policy and regulatory requirements at select county health departments (CHD) as a means of providing local CHD management assistance in identifying individual areas of weakness and providing Central Office management with information that identifies systemic and critical weaknesses/deficiencies that should be addressed from a comprehensive perspective.

What we reviewed:

We visited 26 CHDs in April 2014 to analyze selected controls as of the date of our site visit. Our visits included the CHDs in the following counties: Baker, Bay, Bradford, Brevard, Columbia, Escambia, Gadsden, Glades, Hamilton, Hendry, Highlands, Indian River, Jackson, Lafayette, Lake, Madison, Nassau, Okaloosa, Okeechobee, Pasco, Pinellas, Putnam, Saint Lucie, Suwannee, Union, and Volusia.

Included in this review were general controls and requirements related to the following topics: property, personnel and human resources, information technology (IT) security awareness and contingency planning, safety paper, cash, pharmaceuticals, client incentives and promotional items, facility safety controls, medical records and protection of personal client information.

Intent of this report:

Findings listed in this report are presented as summary information and contain only the issues that occurred with high frequency or were considered critical despite an infrequency of occurrence. Details regarding the results of each visit (including minor issues not presented in this report) were provided to CHD management both through discussion at the end of each visit and later documented via a Confirmation Letter. We did not request a formal corrective action plan from CHD management following our visits.

The intent of this summary report is to apprise Central Office management of the more prevalent issues discovered during our review. It is hoped Central Office management will use this report to clarify policy where needed and to initiate discussion of these issues with all CHD staff in an effort to invoke improvements and ensure consistency in operations throughout the Department of Health (Department).

ISSUES AND RECOMMENDATIONS

The following issues reflect areas that should be addressed by Central Office management to assist CHDs with improving controls, achieving more uniform compliance with Department policies and procedures and/or state regulations, and reducing risks that could have a negative impact on Department operations.

1. The Department lacks comprehensive and clear guidance for CHDs regarding asset management to ensure accountability of all fixed assets.

- Section 274.11, *Florida Statutes*, explains **property purchased by CHDs generally becomes property of the respective county government upon purchase.**
- The Department of Financial Services promulgated *Florida Administrative Code (F.A.C.)* rules for local governments (i.e. county governments) in keeping with Chapter 274, *Florida Statutes*. Rule 69I-73.002, *F.A.C.*, set the threshold of such property at **\$1,000 or more** while Rule 69I-73.006, *F.A.C.*, requires “[e]ach governmental unit shall ensure a complete physical inventory of all property is taken annually.”
- The Department’s Bureau of General Services’ DOHP 250-11-14, *Management of State Property*, supports the law explaining, “[CHDs that] have county-owned property must follow the policies and procedures of the local board of county commissioners to track, record, and conduct an inventory of the property.” However, the policy also requires CHD property custodians to, **“record all county-owned IT assets in the FDOH Property**

Management System and place the tag/decal on the asset." This would include many items which are **under \$1,000** in value, including highly vulnerable laptops, tablets, cell phones, and other data storage devices.

- The Department's Information Security and Privacy Policy 6, *Secured Areas and Physical Security Procedures*, explains only that, "[a]n **inventory of information resources and information sets maintained in the designated secure area** will be updated at least annually." Many IT assets are not maintained in a designated secure area but are assigned to DOH employees for daily business use and are often mobile.
- We found that because assets housed in CHDs are generally defined as county property, **DOH policy does not require an annual physical inventory count of all IT assets in CHDs regardless of value (including under \$1,000) and regardless of location maintained (including non-secured areas)**. Yet these same assets typically store confidential Department data and are the most susceptible to risk of theft or other misappropriation.
- Furthermore, we found that **not all county governments require CHDs to inform them of fixed asset/equipment purchases**. Therefore, **in these counties there is no requirement of accountability or inventory over any fixed assets** (except for information resources in designated secured areas).

WE RECOMMEND the Bureau of General Services and Office of Information Technology (in consultation with the Bureau of Statewide Services and Office of General Counsel, if needed) take actions to clarify existing asset management policies by providing definitive and aligned guidance throughout the Department, ensuring total accountability of all recorded assets and addressing issues noted above specific to CHDs.

2. Various general controls were found to be deficient or non-existent within the 26 CHDs visited.

SOCIAL SECURITY NUMBER ACCESS IN HEALTH MANAGEMENT SYSTEM

- **21 CHDs visited appeared to still have an excessive number of employees granted full Social Security Number (SSN) access rights in Health Management System (HMS)**, ranging from 10% to 69% of all CHD staff at each facility. In Spring 2013, Central Office took steps to reduce the risk of HMS data breaches by masking SSNs and requiring managers who used the system to re-evaluate the needs of all employees and only grant full SSN access to those individuals who had a true need for such access in order to fulfill their job duties. We found 12 CHDs statewide had less than 10% of their staff granted full SSN access in HMS, including DOH-Washington, DOH-Gadsden, and DOH-Miami-Dade all under 1%, and DOH-Santa Rosa with 0%.

SECURED AREA CONTROLS AND CONTINGENCY PLANNING

- **Six CHDs visited did not maintain a documented list of persons authorized to access the server room(s)**. DOHP 50-10e-10, Information Security and Privacy Policy 6, *Secured Areas and Physical Security Procedures*, explains, "[a] secured area has access limited to a documented list of authorized personnel."
- **Six CHDs visited were found to have granted server room access to persons that did not have a required need**. Rule 71A-1.007(3), *F.A.C.*, entitled *Access Control*, stipulates that "Workers shall be authorized access to agency information resources based on the principles of 'least privilege' and 'need to know'."
- **Five CHDs visited maintained server rooms that were warmer than would generally be considered safe for maintenance of servers**. Some of these instances were due to there not being a dedicated air conditioning system in the server room. We also identified seven instances where the CHD did not maintain a thermometer in the server room(s) to monitor temperature.
- **Five CHDs visited did not maintain backup tapes offsite**. DOHP 50-10m-10, Information Security and Privacy Policy 14, *Contingency Planning*, explains, "The department requires the use of at least two (2) sets of back up storage media...to be used in rotation, one of which should be stored offsite, at a separate, secure, accessible, and fireproof location at least several city blocks away from the system being backed up."

SAFETY PAPER

- **One CHD visited was not performing and documenting a monthly inventory of Safety Paper**. The *Chief Deputy Registrar Operations Manual* requires that "[a] physical inventory of loose paper, and sealed cartons and packages on hand must be made on a monthly basis with this fact being noted in the Inventory Log."

CASH CONTROLS

- **Seven CHDs visited did not ensure all cash boxes/drawers were sufficiently secured**. Instances we identified included unlocked cash drawers, keys stored in the cash drawer by the cashiers, and storing cash boxes in unsecured areas. DOHP-57-07-13, *Cash Handling*, explains that during the day cashiers must "[m]aintain cash boxes/drawers in a secure area at all times and locked when left unattended."

PHARMACEUTICALS IN DRUG CLOSETS

- **Three CHDs visited did not maintain a documented list of persons authorized to have access to drug storage areas.** DOHP 395-1-12, *Public Health Pharmacy Policies and Procedures for County Health Departments*, requires "...names of all individuals permitted access to the drug storage area will be documented on a CHD memorandum of record, authorized by the CHD Administrator/Director. This memorandum will be updated as necessary and must be maintained in the official records of the CHD."
- **Three of the CHDs visited authorized access (via the documented access list) to drug storage areas for individuals who did not require such access** based upon job responsibilities or current employment status.

PHARMACEUTICALS AND SUPPLIES IN DENTAL CLINICS

- **Three of the 17 CHDs visited that operated a dental clinic(s) did not maintain an inventory control record for each drug in the clinic.** Technical Assistance Guide (TAG) 325-11-12, *Inventorying and Recordkeeping of Medicinal Drugs...in [CHD] Dental Programs*, explains, "an individual manual inventory control or electronic record form must be established and maintained for each drug in stock."

CLIENT INCENTIVES/PROMOTIONAL ITEMS

- **Four of the 18 CHDs visited where client incentives (i.e. gift cards) were utilized did not perform independent reconciliations between the logs and the incentive inventory.** Because gift cards are essentially cash equivalents, there is a recognized value to these items that must be accounted for as one would with cash itself. Unlike Finance & Accounting policies, which require independent reconciliations of cash, we noted DOHP 56-89-12, *Client Incentives and Promotional Items*, lacks clear guidance on expectations related to independent reconciliations of items considered to be cash equivalents.

WE RECOMMEND the Office of Statewide Services discuss these deficiencies and areas of concern with all CHDs in an effort to improve operations statewide.

WE RECOMMEND the Bureau of Finance & Accounting, Financial Management, revise DOHP 56-89-12 to further clarify expectations related to periodic independent reconciliations of gift cards or other cash equivalent items.

SUPPLEMENTAL INFORMATION

Section 20.055, *Florida Statutes*, charges the Department's Office of Inspector General with responsibility to provide a central point for coordination of activities that promote accountability, integrity and efficiency in government.

The review team leader was Mark H. Boehmer, CPA, and the review was supervised by Michael J. Bennett, CIA, Director of Auditing. Other auditors participating on the team for this review included Tony Hernandez, CISA, CIA; Kim Rolfe, CGAP; and Michelle L. Weaver, CISA.

Our methodology included reviewing applicable law, policies and procedures, and visiting selected CHDs to interview personnel, inspect facilities, observe operations, and review documentation.

This project was not an audit, as industry-established auditing standards were not applied. Internal Audit Unit procedures for the performance of reviews were followed and used during this project.

We want to thank management and staff of each of the CHDs visited for providing their cooperation and assistance to us during the course of this review.

CONTACT INFORMATION

Copies of final reports may be found on our website at:

<http://www.floridahealth.gov/public-health-in-your-life/administrative-functions/inspector-general/internal-audit.html>

Questions or comments related to the information provided in this report should be addressed to the Director of Auditing, Florida Department of Health by the following means:

Address: 4052 Bald Cypress Way, Bin A03,
Tallahassee, FL 32399

Email: inspectorgeneral@flhealth.gov

Phone: (850) 245-4141

APPENDIX A: MANAGEMENT RESPONSE

	Recommendation	Management Response
1	The Bureau of General Services and Office of Information Technology (in consultation with the Bureau of Statewide Services and Office of General Counsel, if needed) should take actions to clarify existing asset management policies by providing definitive and aligned guidance throughout the Department, ensuring total accountability of all recorded assets and addressing issues noted above specific to CHDs.	<p>Bureau of General Services: We concur.</p> <p>The Bureau of General Services will work with other concerned work areas to amend existing asset management policies to clarify, define and align controls throughout the Department to guarantee accountability for all recorded assets and address issues specifically targeted to CHDs.</p> <p>Contact: Michael C. Graddy, Support Services Administrator Anticipated Completion Date: January 31, 2015</p> <p>Office of Information Technology: We concur.</p> <p>The Office of Information Technology will review the current Asset Management policies, and convene a kickoff discussion to address this issue with the Bureau of General Services and Office of Statewide Services. Action steps will be determined based on the outcome of the kickoff. This step will be accomplished by the end of September, 2014.</p> <p>Contact: Pete Schoelzel, Chief Technology Officer Anticipated Completion Date: December 31, 2014</p>
2a	The Office of Statewide Services should discuss these deficiencies and areas of concern with all CHDs in an effort to improve operations statewide.	<p>We concur.</p> <p>The Office of the Deputy Secretary for Statewide Services will review the findings with all CHDs.</p> <p>Contact: Beth A. Paterniti, Statewide Services Administrator Anticipated Completion Date: October 31, 2014</p>
2b	The Bureau of Finance & Accounting, Financial Management, should revise DOHP 56-89-12 to further clarify expectations related to periodic independent reconciliations of gift cards or other cash equivalent items.	<p>We concur.</p> <p>The Client Incentive Policy has been updated. Client gift cards may not be issued after-the-fact for previous services. Program/business managers or designee must complete reconciliation of all gift cards on-hand and or within their program at a minimum quarterly. Documentation must be retained. All outstanding gift cards must be reported annually as cash on hand on the appropriate financial statement forms. The requisitioning person and/or purchasing staff must ensure that the program/business manager is notified of all client incentive gift card purchases. CHDs/program managers will be notified of these policy changes via our conference call.</p> <p>Contact: Joanne Lane, Chief, Bureau of Finance & Accounting Anticipated Completion Date: September 26, 2014</p>